CITY OF MERCED

"Gateway to Yosemite"

WELCOME TO YOUR REGIONAL AIRPORT AUTHORITY MEETING OF THE CITY OF MERCED

AUTHORITY MEMBERS

John Sundgren - Chair, Alvin Osborn - Vice-Chair, Michael Bodine, Desmond Johnston, and Ryan Smith.

AGENDA – SPECIAL MEETING

12:00 PM **FRIDAY**
MERCED REGIONAL AIRPORT **JUNE 3, 2016**
AIRPORT ADMINISTRATIVE OFFICE
20 MACREADY DRIVE
MERCED, CALIFORNIA **(www.cityofmerced.org)**

STAFF REPORTS OR OTHER WRITTEN DOCUMENTATION RELATING TO EACH ITEM OF BUSINESS REFERRED TO ON THE AGENDA ARE ON FILE IN THE AIRPORT ADMINISTRATION OFFICE OF THE AIRPORT MANAGER. ANY PERSON WHO HAS QUESTIONS CONCERNING ANY AGENDA ITEM MAY CALL THE AIRPORT MANAGER AT (209) 385-6873 TO MAKE INQUIRY REGARDING THE NATURE OF THE ITEM DESCRIBED ON THE AGENDA. PRIOR TO EACH REGULAR REGIONAL AIRPORT AUTHORITY MEETING, A COMPLETE AGENDA PACKET IS AVAILABLE FOR REVIEW IN THE FOYER OUTSIDE THE COUNCIL CHAMBERS AND ON THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. ANY DOCUMENTS PROVIDED TO A MAJORITY OF THE COMMITTEE MEMBERS AFTER THIS AGENDA IS POSTED WILL BE AVAILABLE FOR PUBLIC INSPECTION IN THE CITY CLERK'S OFFICE DURING NORMAL BUSINESS HOURS.

FOR CITIZEN PARTICIPATION INSTRUCTIONS, PLEASE REFER TO THE CITY'S WEBSITE AT WWW.CITYOFMERCED.ORG. A HANDOUT IS ALSO AVAILABLE AT THE MEETING ADJACENT TO THE AGENDA. INDIVIDUAL AGENDA ITEMS MAY BE HEARD IN AN ORDER THAT IS DIFFERENT THAN THEY APPEAR ON THE AGENDA TO ACCOMMODATE MEETING PARTICIPANTS.

INFORMATION FOR INDIVIDUALS WITH DISABILITIES:
Accommodation for individuals with disabilities may be arranged by contacting the City Clerk's Office at 209-388-7100.

Assisted Hearing Devices Available for Hearing Impaired
Teletypewriter (TTY) 209-385-6816

THE PUBLIC HAS THE OPPORTUNITY TO ASK QUESTIONS OR COMMENT AT THE TIME SPECIFIC AGENDA ITEMS ARE CONSIDERED. NORMALLY, EACH AGENDA ITEM WILL HAVE A STAFF PRESENTATION, FOLLOWED BY COMMENTS OR QUESTIONS BY THE AIRPORT AUTHORITY MEMBERS. IF REQUESTED BY AN AUDIENCE MEMBER, THE CHAIRPERSON WILL THEN ALLOW THE PUBLIC TO MAKE COMMENTS OR ASK QUESTIONS. AFTER ANY PUBLIC INPUT, THE AUTHORITY MAY HAVE FURTHER DISCUSSION BEFORE TAKING ACTION TO THE NEXT AGENDA ITEM.

A. CALL TO ORDER

B. ROLL CALL

C. WRITTEN PETITIONS AND COMMUNICATIONS

D. ORAL COMMUNICATIONS

AT THIS TIME, ANY MEMBER OF THE AUDIENCE MAY COMMENT ON ANY MATTER NOT LISTED ON THE AGENDA. PLEASE STAND AND STATE YOUR NAME AND ADDRESS FOR THE RECORD. THE AUTHORITY WILL NOT TAKE ACTION ON THE ITEM THAT IS BROUGHT TO THEIR ATTENTION THIS EVENING. IF IT REQUIRES ACTION, IT WILL BE REFERRED TO STAFF AND/OR LISTED ON THE NEXT AUTHORITY AGENDA.

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PLEASE BE BRIEF AND TO THE POINT. AVOID REPEATING WHAT PREVIOUS SPEAKERS HAVE SAID. IF TWO OR MORE INDIVIDUALS ARE HERE AS A GROUP AND WISH TO SPEAK ON ONE SIDE OF AN ISSUE, PLEASE SELECT A SINGLE SPOKESPERSON TO PRESENT YOUR VIEWS.

E. CONSENT CALENDAR

1. AIRPORT AUTHORITY MINUTES FOR MAY 17, 2016.

Recommendation: Adopt a motion to approve and file.

F. REPORTS

1. EXAMINATION OF POTENTIAL COST SAVINGS FOR MERCED FIRE DEPARTMENT FROM RELINQUISHMENT OF PART 139 CERTIFICATE HELD BY MERCED REGIONAL AIRPORT

Recommendation: *Adopt proposed motion.*

2. **DOT ORDER REGARDING CONTINUED ELIGIBILITY FOR ESSENTIAL AIR SERVICE (EAS) PARTICIPATION AND PROVIDING FOR TENTATIVE WAIVER FOR MCE DUE TO SERVICE HIATUS**

   Recommendation: Discussion as desired by Authority members.

3. **GOVERNMENT SERVICES AGENCY (GSA), AGENT FOR THE TRANSPORTATION SECURITY ADMINISTRATION (TSA), LEASE RENEWAL OF TERMINAL OFFICE SPACE**

   Recommendation: Adopt a motion to approve the lease and to recommend approval to the City Council.

G. AUTHORITY BUSINESS

1. **POSSIBLE INCOMPATIBLE LAND USE ACTIVITY**

   Recommendation: Discussion as desired by Authority members.

2. **OTHER BUSINESS FROM AUTHORITY MEMBERS**

   Recommendation: Discussion as desired by Authority members.

H. ADJOURNMENT:

TO THE NEXT AIRPORT AUTHORITY MEETING, TUESDAY, JUNE 21, 2016, AT 7:00 PM IN THE CITY COUNCIL CHAMBERS**,** 678 WEST 18TH STREET, MERCED, CA 95340.

CITY OF MERCED
REGIONAL AIRPORT AUTHORITY MINUTES

MERCED REGIONAL AIRPORT
AIRPORT ADMINISTRATIVE OFFICE
20 MACREADY DRIVE
MERCED, CA

TUESDAY
MAY 17, 2016

A. CALL TO ORDER

Chair John Sundgren called the meeting to order at 10:08 a.m.

B. ROLL CALL

Members present:	John Sundgren, Alvin Osborn, Michael Bodine, and Desmond Johnston
Members absent:	Ryan Smith; two vacancies.
Staff Present:	Janet E. Young, Ken Elwin, and Nancy Lee

C. WRITTEN PETITIONS AND COMMUNICATION

None.

D. ORAL COMMUNICATIONS

None.

E. CONSENT CALENDAR

M/S/C – Osborn/Bodine motion to approve and file the minutes of October 14, 2015, as submitted.

F. REPORTS

1. AIRPORT AUTHORITY ANNUAL ATTENDANCE REPORT

M/S/C – Osborn/Johnston motion to approve the attendance report and to recommend approval to the City Council.

2. AIRPORT MANAGER'S REPORT

Manager Young summarized the April 2016 Manager's Report. Ms. Young provided passenger enplanement data for Boutique Air, the upcoming Part 139 inspection and the importance of completing the airport remarking, and discussion about Fire Department ARFF costs related to the Part 139 certificate.

G. AUTHORITY BUSINESS

1. POSSIBLE INCOMPATIBLE LAND USE ACTIVITY

Manager Young specified that the Merced Irrigation District (MID) is pursuing plans to construct transmission and distribution lines that will run through the outskirts of south Merced. Ms. Young was alerted to opinion expressed by some landowners near the proposed route that MID should consider relocating the lines near the airport. Ms. Young expressed concern to an MID executive about the recommendation to relocate the project to be closer to the Merced Regional Airport. Further information is expected from MID as consideration of the project proceeds.

2. OTHER BUSINESS FROM AUTHORITY MEMBERS

None.

H. ADJOURNMENT

Chair Sundgren adjourned the meeting at 10:39 a.m. until the next Regional Airport Authority meeting on Tuesday, June 21, 2016, at 7:00 p.m. in the Council Chambers at 678 W 18th Street, in the Civic Center.

M/S/C – Bodine/Osborn

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John Sundgren, Chair
Regional Airport Authority

To: Regional Airport Authority

From: Janet E. Young, Airport Manager

Date: June 3, 2016

Re: **Examination of Potential Cost Savings For Merced Fire Department from Relinquishment of Part 139 Certificate Held by Merced Regional Airport**

FAA Part 139 Certificate

This summary will provide information to assist in the analysis of potential cost savings related to Aircraft Rescue and Fire Fighting (ARFF) services provided by the Merced Fire Department to the Merced Regional Airport that could result from the relinquishment of the FAA Part 139 certificate currently held by the Airport, a critical component of the City's infrastructure.

Federal regulations mandate that an airport must hold a Part 139 certificate if it receives airline service from "[S]cheduled passenger-carrying operations of an air carrier operating aircraft designed for more than 9 passenger seats, as determined by the aircraft type certificate issued by a competent civil aviation authority..." [14 CFR section 139.1(a)(1)] This was applicable to the Merced Regional Airport until October 2015 when Boutique Air began service, as explained below.

Background

The Merced Regional Airport (MCE) is a commercial airport receiving airline service subsidized by the Essential Air Service (EAS) administered by the U. S. Department of Transportation (DOT). The current the air carrier is Boutique Air, which began service in October 2015 and provides passenger service between Merced and the Los Angeles International Airport (LAX) and the Oakland International Airport (OAK). Service between Merced and Las Vegas McCarran International Airport (LAS) is temporarily suspended pending resolution of a dispute between the airline and McCarran related to the level of landing fees the airport seeks to assess Boutique. Boutique Air estimates that it will enplane about 9,000 – 9,500 passengers during its first year of operation at MCE. It is anticipated that in future years, Boutique will enplane more than 10,000 passengers.

The Airport has a significant impact on the local and regional economy, with commercial and charter passenger traffic stimulating occupancy of hotels and

motels, restaurant and retail sales; car rentals; and bus ridership locally and through YARTS. The University of California, Merced is utilizing the commercial air service in growing numbers and it is important for a major research university to have local air service to enable corporate representatives to meet with researchers regarding technology transfer opportunities that will contribute to new business in the area. Based on a 2013 Economic Impact Statement of all California commercial airports conducted by the California Airports Council, MCE contributes annually over $10 million in “direct effect” to the economy in industry output and about $3.7 million in labor income “direct effect”. These figures increase with the application of multipliers.

Essential Air Service (EAS)

The EAS program was established as a result of airline deregulation to ensure that smaller communities with commercial air service located outside of a specified mileage radius from a medium or large hub could continue to have commercial airline service to connect them to the nation's commercial aviation system. Prior to enactment of the Airline Deregulation Act in 1978, and for a few additional years, Merced was served by major carriers such as United Air Lines operating 727 and 737 type aircraft. For the past several years through the summer of 2015, MCE was served by EAS carriers operating Brasilia aircraft or Beech 1900 aircraft.

Currently there are only two EAS operators flying aircraft certificated to operate with more than nine passenger seats – Great Lakes Airlines and Silver Air. Several EAS carriers operate Cessna Caravan aircraft with no more than nine passenger seats and the current MCE carrier flies Pilatus PC-12 aircraft with eight passenger seats. MCE has held a Part 139 certificate for many years and the certificate was necessary through the term of the prior carrier in order for it to serve Merced by virtue of it being a Part 121 commercial carrier which could operate aircraft with more than nine passenger seats. It appears unlikely that a carrier operating more than nine passenger seats will seek to serve Merced through the EAS program in the foreseeable future. Boutique Air is a Part 135 carrier and can provide passenger service to airports without a Part 139 certificate.

It is important to note that the EAS program does not require participating airports to hold a Part 139 certificate. In fact four EAS airports have surrendered their Part 139 certificates for various cost avoidance reasons. The Visalia Airport is the only California EAS airport to have done so and the primary basis for the action was the cost of ARFF operations to the City.

Cost Issues

The reason for considering the potential surrender of the Part 139 certificate is to address Fire Department staffing costs associated with meeting Part 139 requirements. In the case of an airport such as MCE, Part 139 requires a minimum of one qualified fire fighter to operate the Airport Rescue and Fire Fighting (ARFF) unit. It is also important to note that the labor union agreement states “three fire fighters will be on an engine or truck”. The current situation with one fire fighter stationed during the required times for ARFF duty is amassing significant over-time costs and presents staffing schedule issues.

The Part 139 certificate requires that the ARFF coverage must be in place for a period 15 minutes before a scheduled landing to 15 minutes after takeoff. (Section 139.5) Part 139 also carries the requirement that the response time must be less than three minutes from the time of the call to a point midway on the farthest runway used by the commercial air carrier aircraft at which time the ARFF vehicle must begin application of extinguishing agent. [Section 139.319(h)(2)(i)]

The number of flights operated daily by Boutique Air essentially requires that Station 52 (located at the Airport) ARFF personnel must be available and able to meet these performance parameters from early morning through late evening. If the Part 139 certificate was to be surrendered, the airport would not be subject to the ARFF timed response requirements and would be regarded as a general aviation airport. This would enable the Fire Department to have the ability to dispatch the Station 52 personnel to another off-airport emergency and bring in ARFF qualified fire fighters from another station to serve the airport as needed. The Fire Department would strive to have Station 52 personnel on scene during the designated arrival and departure times at the airport but the surrender of the Part 139 certificate would permit the City to avoid the cost of an additional three person ARFF crew to be positioned full-time at Station 52 to meet the requirements of the Part 139 certificate.

The cost of the additional three person ARFF crew is estimated to be approximately $330,000 to $350,000 per year. This type of cost consideration motivated the City of Visalia to relinquish the Airport’s Part 139 certificate. The Visalia Airport however, does have a larger staff and the ARFF operations were assumed by existing staff who received appropriate training. The approach envisioned by the City of Merced calls for the Fire Department to continue to provide these services through protocols to be developed by the Fire Department.

Basis for Surrender of FAA Part 139 Certificate for Cost Saving Purposes

The FAA has opined that it is not necessary for an airport receiving commercial service through a carrier operating a Cessna 208(B) Caravan to hold a Part 139 certificate. The FAA opinion was based on the fact that the Caravan, which is certified by the FAA as a "normal" category aircraft which "...is limited to airplanes that have a seating configuration, excluding pilot seats, of nine or less, a maximum certificated takeoff weight of 12,500 pounds or less, and is intended for nonacrobatic operation....". [14 CFR section 23.3(a)] The Pilatus PC-12 aircraft flown by Boutique Air is also certified as a "normal" category airplane for which a Part 139 certificate would not be necessary.

This fact situation creates the opportunity for the City to evaluate whether or not to surrender the Part 139 certificate as a cost savings measure. Should a circumstance arise in the future where it becomes necessary to hold a Part 139 certificate, the airport would need to request an FAA Part 139 inspection.

TSA

There have been questions raised regarding potential TSA impacts associated with the surrender of the Part 139 at the MCE. Staff conferred with the TSA Federal Security Office in Fresno and received affirmation that the Part 139 certificate was not related to TSA and that there is no TSA regulation or requirement that commercial airports served by TSA must have a Part 139 certificate.

Moreover, the City of Visalia informed the TSA that the Visalia Airport certificate had been surrendered and this resulted in no changes to the TSA coverage or services. Staff assumes the same for MCE.

Conclusion

Should the City wish to pursue this course of action, it appears possible to relinquish the FAA Part 139 certificate held by the Merced Regional Airport for the purpose of avoiding significant personnel costs associated with hiring an additional three person ARFF crew to ensure the airport coverage required by Part 139. Relinquishing the certificate would not affect the EAS commercial airline service offered by Boutique Air. It would be essential for the Fire Department protocols for timely response to alarms related to the commercial aircraft to be ready for implementation before the surrender of the certificate could be accomplished.

It is also important for the Airport Authority to review this potential action by the City of Merced. In addition, it is necessary for the Airport to maintain the

inspection standards of Part 139 even if the certificate is surrendered in order for commercial operations to function safely and smoothly. This objective would need to be embraced prior to the relinquishment of the certificate.

SUMMARY/RECOMMENDATION: It is proposed that the Airport Authority 1) endorse the intent of the City of Merced to relinquish the FAA Part 139 certificate as a means of achieving cost savings for the Merced Fire Department at such point as the Fire Department has developed fire/emergency response protocols for the airport commercial airline service and 2) that the Airport Authority instruct airport management to maintain the inspection standards of the Part 139 certificate in order to ensure that commercial operations continue in a safe and efficient manner and to preserve the option of seeking reinstatement of the Part 139 certificate should doing so be appropriate in the future.

To: Regional Airport Authority

From: Janet E. Young, Airport Manager

Date: June 3, 2016

Re: DOT Order Regarding Continued Eligibility for Essential Air Service (EAS) Participation and Providing for Tentative Waiver for MCE Due to Service Hiatus

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Background

The Merced Regional Airport (MCE) received the DOT Order issued on May 20, 2016, regarding continued EAS eligibility for MCE and several other EAS cities. MCE is included based on the failure of the previous carrier (Great Lakes Airlines) to achieve the required minimum passenger enplanement count during the period October 1, 2014 - September 30, 2015. The minimum number of revenue passengers required for EAS eligibility is 3,130 annually (an average of 10 passengers per service day). MCE did not achieve that target due to frequent flight cancellations and unreliable service. The second requirement is that the subsidy payments must be below $200 per passenger and MCE subsidies with Great Lakes were far in excess of the $200 cap. Great Lakes experienced a severe airline-wide shortage of pilots due to the regulatory change that increased the flight hour requirements for co-pilots to 1,500 hours.

MCE and the City of Merced addressed the problem with a shift in air carrier to Boutique Air and MCE is recording a tremendous increase in passenger numbers, with a current per passenger subsidy of about $160. The passenger levels with Boutique, which began operations at MCE in October 2015, are projected to achieve 9,000 - 9,500 revenue passengers by September 30, 2016.

Due to the extensive hiatus in service occasioned by the departure of Great Lakes in July 2015, the DOT Order tentatively grants a waiver to MCE as one of eight communities which experienced breaks in airline service.

Airport management is in contact with the EAS office and a letter will be filed with the DOT EAS regarding the Order and the tentative grant of a waiver for MCE.

SUMMARY/RECOMMENDATION: For information only.

Attachments: DOT Order, Issued May 20, 2016

Order 2016-5-17
Served: May 20, 2016

UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 20th day of May, 2016

Essential Air Service at

ALAMOSA, COLORADO	**DOT-OST-1997-2960**
ALTOONA, PENNSYLVANIA	**DOT-OST-2002-11446**
BRADFORD, PENNSYLVANIA	**DOT-OST-2003-14528**
CLARKSBURG/FAIRMONT, WEST VIRGINIA	**DOT-OST-2005-20736**
DUBOIS, PENNSYLVANIA	**DOT-OST-2004-17617**
EL CENTRO, CALIFORNIA	**DOT-OST-2008-0299**
FORT DODGE, IOWA	**DOT-OST-2001-10682**
FRANKLIN/OIL CITY, PENNSYLVANIA	**DOT-OST-1997-2523**
HAGERSTOWN, MARYLAND	**DOT-OST-2006-25228**
JACKSON, TENNESSEE	**DOT-OST-2000-7857**
JAMESTOWN, NEW YORK	**DOT-OST-2003-14950**
JOHNSTOWN, PENNSYLVANIA	**DOT-OST-2002-11451**
KEARNEY, NEBRASKA	**DOT-OST-1996-1715**
LANCASTER, PENNSYLVANIA	**DOT-OST-2002-11450**
MACON, GEORGIA	**DOT-OST-2007-28671**
MASON CITY, IOWA	**DOT-OST-2001-10684**
MERCED, CALIFORNIA	**DOT-OST-1998-3521**
MUSCLE SHOALS, ALABAMA	**DOT-OST-2000-7856**
OWENSBORO, KENTUCKY	**DOT-OST-2000-7855**
PARKERSBURG, WEST VIRGINIA/MARIETTA, OHIO	**DOT-OST-2005-20734**
PENDLETON, OREGON	**DOT-OST-2004-19934**
PRESCOTT, ARIZONA	**DOT-OST-1996-1899**
PUEBLO, COLORADO	**DOT-OST-1999-6589**
SALINA, KANSAS	**DOT-OST-2002-11376**
SCOTTSBLUFF, NEBRASKA	**DOT-OST-2003-14535**
SHOW LOW, ARIZONA	**DOT-OST-1998-4409**
TUPELO, MISSISSIPPI	**DOT-OST-2009-0305**
VICTORIA, TEXAS	**DOT-OST-2005-20454**
VISALIA, CALIFORNIA	**DOT-OST-2004-19916**
WATERTOWN, SOUTH DAKOTA	**DOT-OST-2011-10644**

Tentatively terminating eligibility
Under 49 U.S.C. 41731 *et seq*. and proposing a waiver from certain requirements for a class of communities

ORDER TENTATIVELY TERMINATING ESSENTIAL AIR SERVICE ELIGIBILITY AND TENTATIVELY GRANTING A WAIVER FOR COMMUNITIES THAT EXPERIENCED A SERVICE HIATUS

Summary
By this Order, the U.S. Department of Transportation (the Department) is directing interested persons to show cause why the Department should not terminate the eligibility under the Essential Air Service (EAS) program of the communities listed on the caption of this Order. The Department has tentatively determined that these communities did not enplane an average of 10 or more passengers per day during Fiscal Year 2015, as required by 49 U.S.C. § 41731(a)(1)(B), and/or required a rate of subsidy per passenger in excess of $200 (the "Subsidy Cap").[1] Objections to the Department's tentative decision are due within 20 days of the service date of this Order. Additionally, communities that required a subsidy per passenger in excess of the Subsidy Cap during Fiscal Year 2015 may work with an air carrier to submit a proposal to the Department that complies with the Subsidy Cap, as further described in this Order.

Also by this Order, the Department tentatively grants a waiver to the eight communities that suffered a service hiatus for the reasons described herein.

Communities may object to the Department's tentative findings. If the Department terminates a community's eligibility for EAS, the community will be provided an opportunity to petition the Department for a waiver. The process for submitting a petition for waiver will be addressed in a separate Order.

Background
The FAA Modernization and Reform Act, Pub. L. No. 112-95 (Feb. 14, 2012) (FAA 2012), amended 49 U.S.C. § 41731(a) to change the definition of "eligible place" for the purpose of receiving EAS by adding a new subsection (1)(B). Subsection (1)(B) states that, to be an eligible place for EAS, a community must have averaged 10 or more enplanements per service day, as determined by the Secretary, during the most recent fiscal year beginning after September 30, 2012. This requirement does not apply to locations in Alaska and Hawaii and communities that are more than 175 driving miles from the nearest large-or medium-hub airport.[2] The Secretary may waive the 10-enplanement requirement, on an annual basis, if the community demonstrates to the Secretary's satisfaction that the reason the location averages fewer than 10 enplanements per day is due to a temporary decline in enplanements.[3]

The Department of Transportation and Related Agencies Appropriations Act, 2000, Pub. L. No. 106-69 (Oct. 9, 1999), prohibits the Department from subsidizing EAS for communities located

[1] As shown on the appendices to this Order, the Department has tentatively determined that 30 communities had per-passenger subsidies in excess of the Subsidy Cap based on Fiscal Year 2015 data, eight of which experienced an extended service hiatus during Fiscal Year 2015. Of the 30 communities, the Department has tentatively determined that 12 communities also enplaned an average of fewer than 10 passengers per service day. Of these 12 communities, four experienced an extended service hiatus during Fiscal Year 2015.
[2] See 49 U.S.C. § 41731(c) and (d).
[3] See 49 U.S.C. § 41731(e).

within the 48 contiguous States when per passenger subsidy amounts exceed $200, unless the communities are located more than 210 miles to the nearest large- or medium-hub airport (the "Subsidy Cap"). On October 9, 2014, the Department issued a Notice of Enforcement Policy announcing how the Department intended to enforce compliance with the Subsidy Cap.[4] As stated in the Notice of Enforcement Policy, all communities receiving subsidized EAS had until September 30, 2015, based on data from October 1, 2014, through September 30, 2015, to ensure compliance with the Subsidy Cap or face possible termination of EAS eligibility. FAA 2012 authorized the Secretary of Transportation to waive the Subsidy Cap, subject to the availability of funds, on a case-by-case basis, for a limited period of time.

Methodology and Enplanement History

To determine whether an EAS community is subject to the 10-enplanement or Subsidy Cap requirements, the Department must determine the communities' distance, by driving miles, from the nearest large- or medium-hub airport. The Department measures the shortest driving distance from the center of the EAS community to the nearest large- or medium-hub airport.[5]

In calculating enplanements per day, the Department has taken total annual origin and destination passenger numbers for Fiscal Year 2015, divided by two, to show passengers in one direction (enplanements at the EAS community), and then divided by 313 days to get average daily enplanements at the EAS community. The Department does not use 365 days per year in its calculations because the typical EAS contract provides for the equivalent of six-day-a-week service.[6]

The subsidy per passenger was calculated by taking the annual subsidy rate and dividing by the total number of enplanements plus deplanements at the EAS community on the subsidized EAS air carrier for Fiscal Year 2015, *i.e.*, from October 1, 2014, through September 30, 2015. In addition, the Department calculated the average subsidy per passenger using actual subsidies paid at each of the communities and appears in Appendix C.[7]

Decision

After careful consideration of this matter, the Department has tentatively decided to terminate the eligibility of the 30 communities captioned above, while tentatively granting a waiver for the

[4] On May 1, 2014, the Department published a Notice of Proposed Enforcement Policy for the Subsidy Cap in the Federal Register, 79 Fed. Reg. 24632, for comment. After a 60-day public comment period and review, the Department issued the Final Notice of Enforcement Policy on October 9, 2014, 79 Fed. Reg. 60951.

[5] This method of calculating distance to the nearest large- or medium-hub airport is consistent with longstanding Department practice. See 54 Fed. Reg. 52766 (Dec. 22, 1989) (amending 14 CFR Part 398).

[6] For example, the Department typically subsidizes two round trips a day Monday through Friday and two round trips over the weekend (12 round trips a week) or three round trips each weekday and over the weekend (18 a week). Using 313 days (52 weeks x 6 days = 312 + one day = 313), instead of 365 days, has the effect of raising the average daily enplanements by 17 percent.

[7] The Notice of Enforcement Policy stated that the Department would consider the actual subsidies paid to assess a community's average per passenger subsidy, upon request. For efficiency, the Department has decided to rely on its calculation of actual subsidies paid in this enforcement action, rather than waiting for communities to request the calculation. For all 30 communities, the average subsidy per passenger based on actual subsidies paid is lower than the average subsidy paid based on contract amounts. Thus, the Department believes that all communities subject to enforcement in this Order benefit from the use of actual subsidies paid. Communities are welcome to comment on this, however.

following eight communties: Bradford and Franklin/Oil City, PA; Fort Dodge and Mason City, IA; Macon, GA; Merced, CA; Muscle Shoals, AL; and Pueblo, CO. Appendix A lists the service hiatus dates for these communities. The tentative waiver for these communities is discussed further below.

Appendix B shows the communities that the Department has tentatively determined to have averaged fewer than 10 enplanements per day in Fiscal Year 2015, and includes the average enplanements per day, the distance to the nearest large- or medium-hub, and total passenger levels for Fiscal Year 2015.

Appendix C lists the communities that the Department has tentatively determined to have required a subsidy per passenger in excess of the Subsidy Cap and includes the actual subsidy paid to carriers providing EAS, the Fiscal Year 2015 passenger levels (enplanements plus deplanements at the EAS community), and the distance to the nearest large- or medium-hub.

The Department will give interested persons 20 days after the service date of this Order to submit objections. Objections submitted in response to this Order should be strictly limited to disputing the tentative findings contained in this Order, should be fully documented, and contain complete information on the data used by the parties objecting. The Department will not entertain objections regarding extenuating circumstances; rather, those arguments are properly addressed in the communities' waiver applications.

If the Department later finalizes the tentative findings to terminate a community's EAS eligibility in a subsequent Order, the Department will specify an effective date for termination of EAS at that community. In that event, if a specific carrier providing EAS at one of the affected communities decides to suspend service upon the effective date, the Department will expect it to contact all passengers who hold reservations for flights that will be suspended to inform them of the suspension and assist them in arranging alternative transportation or to provide a refund of the ticket price, without penalty, if requested. The Department reminds carriers that their contracts and service obligations remain in full force until the completion of this process.[8] Air carriers that fail to continue providing EAS at their respective communities may be referred to the Office of Aviation Enforcement and Proceedings for appropriate handling.

Proposals for Service that Comply with Subsidy Cap

49 U.S.C. § 41733(f)(2) states that the Secretary must establish procedures to permit a community to work directly with an air carrier to submit a proposal that would not exceed the Subsidy Cap prior to termination of eligibility for non-compliance with the Subsidy Cap. Communities are encouraged to work with the air carrier providing subsidized EAS to submit a proposal that complies with the minimum service requirements at 49 U.S.C. § 41732(b) for a subsidy below the Subsidy Cap. Carriers should express a willingness to amend their current Order for EAS service to reduce the subsidy, consistent with the submitted proposal. Communities wishing to submit a proposal in accordance with 49 U.S.C. § 41733(f)(2) should submit the proposal no later than 20 days following the service date of this Order.

[8] The exception to this is at Victoria, TX, where the community has a grant agreement with the Department under the Alternate EAS (AEAS) program. The community must remain compliant witht the grant agreement between the Department and the community throughout the term of the agreement.

Appendix D shows the maximum subsidy level at the 22 communities that had continuous service during Fiscal Year 2015 required to be in compliance with the Subsidy Cap, assuming that enplanements remain constant at Fiscal Year 2015 levels. If the Department determines that a proposal is reasonable, the Department will amend the community's current Order for EAS service to align with the proposal, and take no further action based on the community's Fiscal Year 2015 non-compliance with the Subsidy Cap.

Waiver petitions

If the Department finalizes its tentative findings for any of the communities captioned above in a subsequent Order, the Secretary may grant a waiver from these requirements. Waiver procedures will be addressed in a future Order, to be issued after objections to this Show Cause Order are received and reviewed.

Tentative Waiver for Communities that Experienced a Service Hiatus

The EAS program contemplates that eligible communities will receive EAS on a continuing basis.[9] In contrast to this purpose, the Department recognizes that eight of the 30 communities at issue experienced an extended service hiatus in Fiscal Year 2015[10] during which time there was no scheduled EAS at the community.

The Secretary may waive the 10-enplanement requirement if the community demonstrates to the Secretary's satisfaction that the decline in the enplanements is temporary. The Secretary may waive the Subsidy Cap on a case-by-case basis, subject to availability of funds.

Each of these eight communities experienced a hiatus in service when its EAS carrier abruptly ceased operations, without a replacement carrier identified or in place. Great Lakes ceased operations at Fort Dodge and Mason City on February 1, 2014, and at Merced on July 31, 2015. Silver Airways ceased operations at Bradford, Franklin/Oil City, and Macon in November 2014. SeaPort terminated operations at Muscle Shoals in October 2014. SkyWest Airlines terminated operations at Pueblo in June 2015. A complete list of hiatus dates is in Appendix A.

Because of the service hiatus, these communities endured a unique hardship during Fiscal Year 2015 that may have materially and substantially impaired their ability to comply with the 10 enplanement and Subsidy Cap requirements. Four of the eight communities (Franklin/Oil City, Macon, Merced, and Muscle Shoals) petitioned, and received, a waiver from the 10-enplanement requirement based on Fiscal Year 2013 data having demonstrated to the Secretary's satisfaction that their decline in enplanements was temporary. Due to the extensive service hiatus experienced by these communities in Fiscal Year 2015, these communities have been unable to return to their normal EAS operations and restore enplanements. Thus, should the Department

[9] *See, e.g.*, *Frontier Airlines, Inc. v. CAB*, 621 F.2d 369 (10th Cir. 1980) (noting that "it is the intent of Congress that no small community shall be left without essential air services, on a continuing basis, by virtue of a certificated airline leaving the field after merely giving 90 days notice"); *see also* H.R. Rep. No. 95-1779, at 32 (1978) (Conf. Rep.) ("The conference substitute guarantees continued air transportation . . . . To insure such service the substitute establishes a new subsidy program . . . .").

[10] Bradford and Franklin/Oil City, PA, Fort Dodge and Mason City, IA, Macon, GA, Merced, CA, Muscle Shoals, AL, and Pueblo, CO.

finalize its tentative findings that these four communities did not comply with the 10-enplanement requirement during Fiscal Year 2015, the Department tentatively finds that these communities have demonstrated to the Secretary's satisfaction that their decline in enplanements is temporary for the reasons described in their previous waiver petitions, in combination with the extended service hiatus they experienced during Fiscal Year 2015. In addition, should the Department finalize its tentative findings that all eight communities that experienced a hiatus during Fiscal Year 2015 exceeded the Subsidy Cap, the Department tentatively grants these eight communities a waiver from the Subsidy Cap requirement due to the unique circumstance of an extended service hiatus.

The waiver tentatively granted by this Order applies to Fiscal Year 2015. Communities will be expected to be compliant for Fiscal Year 2016, which ends September 30, 2016.

Interested stakeholders may comment on the Department's tentative waiver for these eight communities.

This Order is issued under authority delegated in 49 CFR § 1.25a(b).

ACCORDINGLY,

1. The Department tentatively finds that the 12 communities listed on Appendix B averaged fewer than ten enplanements per day during Fiscal Year 2015 and are within 175 miles from the nearest medium or large hub, as specified on Appendix B, and therefore, did not comply with 49 U.S.C. § 41731(a)(1)(B). Except those communities identified on Appendix A, the Department tentatively terminates the EAS eligibility of these 12 communities;

2. The Department tentatively finds that the 30 communities listed on Appendix C required a rate of subsidy per passenger in excess of $200 during Fiscal Year 2015 and are located less than 210 miles from the nearest medium or large hub, as specified on Appendix C, and therefore, did not comply with Section 332 of Public Law 106-69. Except those communities identified on Appendix A, the Department tentatively terminates the EAS eligibility of these communities;

3. For Fiscal Year 2015, the Department tentatively finds that Franklin/Oil City, Macon, Merced, and Muscle Shoals experienced a temporary decline in enplanements due to the extensive service hiatus experienced by these communities during Fiscal Year 2015 and tentatively waives 49 U.S.C. § 41731(a)(1)(B) for these communities for Fiscal Year 2015;

4. For Fiscal Year 2015, the Department tentatively waives Section 332 of Public Law 106-69 (the "Subsidy Cap") for the eight communities listed in Appendix A;

5. The Department directs all interested persons to show cause within 20 days of the date of service of this Order why the Department should not make final the tentative findings and conclusions set forth above. Objections should be filed electronically to Kevin.Schlemmer@dot.gov, EAS@dot.gov, or by FAX at 202-366-7638;

6. The Department directs communities that exceed the Subsidy Cap that wish to submit proposals for EAS that comply with the Subsidy Cap to submit such proposals within 20 days of

the date of service of this Order. Compliant proposals should be filed electronically to Kevin.Schlemmer@dot.gov, EAS@dot.gov, or by FAX at 202-366-7638

7. The Department will afford full consideration to the matters and issues raised in any timely and properly filed objections before taking further action;

8. These dockets will remain open until further order of the Department; and

9. The Department will serve copies of this Order on the civic officials of all communities listed on Page 1 of this Order and Boutique Air, Inc., Great Lakes Aviation, Ltd., Hyannis Air Service, Inc. d/b/a Cape Air, Multi-Aero, Inc. d/b/a Air Choice One, SeaPort Airlines, Inc., Silver Airways Corp., SkyWest Airlines, and Sun Air International d/b/a Sun Air Express.

By:

SUSAN McDERMOTT
Deputy Assistant Secretary for
Aviation and International Affairs

(SEAL)

An electronic version of this document is available at http://www.regulations.gov

EAS Communities with a service hiatus during Fiscal Year 2015							
EAS community	**Service ended**	**Service resumed or end of FY, if service had not yet resumed**	**Prorated Service Days**	**FY15 traffic**	**Prorated enplanements per day**	**Actual subsidy paid YE 09/30/15**	**Prorated subsidy per passenger**
Bradford, PA	1-Nov-14	1-Mar-15	210	4,546	10.8	$1,315,318	$289
Fort Dodge, IA	1-Oct-14	23-Feb-15	189	6,599	17.5	$2,140,470	$324
Franklin/Oil City, PA	1-Nov-14	4-Mar-15	208	1,815	4.4	$934,506	$515
Macon, GA	5-Nov-14	30-Sep-15	31	188	3.0	$193,851	$1,031
Mason City, IA	1-Oct-14	17-Nov-14	273	11,078	20.3	$3,268,588	$295
Merced, CA	31-Jul-15	30-Sep-15	261	3,069	5.9	$1,918,704	$625
Muscle Shoals, AL	1-Oct-14	12-Jan-15	225	1,208	2.7	$605,728	$501
Pueblo, CO	5-Jun-15	30-Sep-15	213	6,500	15.3	$1,502,092	$231

Notes:
Prorated service days are based on 6-day a week service (EAS minimum service requirements).

The Department tentatively finds that Macon's subsidy per passenger was $1,031, based on service that lasted only from October 1, 2014, through November 5, 2014, during Fiscal Year 2015. This exceeds the $1,000 per passenger cap; however, the Department did not take any action on Macon because the community received service for only five weeks during FY 2015.

EAS Communities tentatively determined to have fewer than 10 enplanements per service day in Fiscal Year 2015				
EAS Community/State	**YE 9/30/15 Pax Total**	**YE 9/30/15 Enplanements/ Day**	**Nearest Large or Medium Hub**	**Distance to Large/Medium Hub**
Altoona, PA	4,568	7.3	IAD	112
El Centro, CA	5,228	8.4	SAN	114
Hagerstown, MD	2,374	3.8	IAD	78
Franklin/Oil City, PA*	1,815	4.4	PIT	85
Jackson, TN	2,427	3.9	BNA	137
Jamestown, NY	3,289	5.3	BUF	76
Lancaster, PA	2,620	4.2	PHL	86
Macon, GA*	188	3.0	ATL	82
Merced, CA*	3,069	5.9	SJC	107
Muscle Shoals, AL*	1,208	2.7	BNA	122
Show Low, AZ	3,508	5.6	PHX	173
Victoria, TX	5,977	9.5	IAH	119

These 12 communities also have been tentatively found to have a subsidy per passenger that exceeds $200; See Appendix C.

* Indicates communities that experienced a service hiatus.

Applicable EAS Communities tentatively determined to have per-passenger subsidies in excess of $200					
EAS Community/State	**YE 09/30/15 Passenger Totals (Both directions)**	**Actual subsidy paid - year ended 09/30/15**	**Subsidy per Passenger**	**Nearest Lg. or Med Hub**	**Miles to Nearest Lg. or Med. Hub**
Alamosa, CO	6,119	$1,640,276	$268	ABQ	199
Altoona, PA	4,568	$1,920,171	$420	PIT	112
Bradford, PA*	4,546	$1,315,318	$289	BUF	77
Clarksburg/Fairmont, WV	9,218	$2,278,596	$247	PIT	96
Fort Dodge, IA*	6,599	$2,140,470	$324	MSP	156
Franklin/Oil City, PA*	1,815	$934,506	$515	PIT	85
DuBois, PA	6,793	$2,199,316	$324	PIT	112
El Centro, CA	5,228	$1,947,342	$372	SAN	114
Hagerstown, MD	2,374	$1,453,430	$612	IAD	78
Jackson, TN	2,427	$1,435,281	$591	BNA	139
Jamestown, NY	3,289	$1,790,066	$544	BUF	76
Johnstown, PA	8,485	$2,338,824	$276	PIT	84
Kearney, NE	9,493	$2,077,827	$219	OMA	181
Lancaster, PA	2,620	$2,002,455	$764	PHL	86
Macon, GA*	188	$193,851	$1,031	ATL	82
Mason City, IA*	11,078	$3,268,588	$295	MSP	133
Merced, CA*	3,069	$1,918,704	$625	SFO	107
Muscle Shoals, AL*	1,208	$605,728	$501	BNA	122
Owensboro, KY	7,481	$1,551,120	$207	BNA	138
Parkersburg, WV/Marietta, OH	8,907	$3,338,140	$375	CMH	110
Pendleton, OR	8,422	$1,797,333	$213	PDX	203
Prescott, AZ	6,916	$2,056,469	$297	PHX	102
Pubelo, CO*	6,500	$1,502,092	$231	DEN	121
Salina, KS	2,824	$997,557	$353	MCI	186
Scottsbluff, NE	7,480	$1,621,737	$217	DEN	192
Show Low, AZ	3,508	$1,112,976	$317	PHX	173
Tupelo, MS	5,181	$1,725,914	$333	BNA	203
Victoria, TX	5,977	$2,420,118	$405	IAH	119
Visalia, CA	9,297	$1,899,753	$204	BUR	178
Watertown, SD	2,688	$2,446,273	$910	MSP	207

* Indicates communities that experienced a service hiatus

Maximum annual subsidy to be compliant with $200 per passenger subsidy cap				
EAS Community/State	**YE 09/30/15 Passenger Totals (Both directions)**	**Actual subsidy paid YE 09/30/15**	**FY2015 subsidy per passnger**	**Maximum annual subsidy to be compliant**
Alamosa, CO	6,119	$1,640,276	$268	$1,223,800
Altoona, PA	4,568	$1,920,171	$420	$913,600
Clarksburg/Fairmont, WV	9,218	$2,278,596	$247	$1,843,600
DuBois, PA	6,793	$2,199,316	$324	$1,358,600
El Centro, CA	5,228	$1,947,342	$372	$1,045,600
Hagerstown, MD	2,374	$1,453,430	$612	$474,800
Jackson, TN	2,427	$1,435,281	$591	$485,400
Jamestown, NY	3,289	$1,790,066	$544	$657,800
Johnstown, PA	8,485	$2,338,824	$276	$1,697,000
Kearney, NE	9,493	$2,077,827	$219	$1,898,600
Lancaster, PA	2,620	$2,002,455	$764	$524,000
Owensboro, KY	7,481	1,551,120	$207	$1,496,200
Parkersburg, WV/Marietta, OH	8,907	$3,338,140	$375	$1,781,400
Pendleton, OR	8,422	$1,797,333	$213	$1,684,400
Prescott, AZ	6,916	$2,056,469	$297	$1,383,200
Salina, KS	2,824	$997,557	$353	$564,800
Scottsbluff, NE	7,480	$1,621,737	$217	$1,496,000
Show Low, AZ	3,508	$1,112,976	$317	$701,600
Tupelo, MS	5,181	$1,725,914	$333	$1,036,200
Victoria, TX	5,977	$2,420,118	$405	$1,195,400
Visalia, CA	9,297	$1,899,753	$204	$1,859,400
Watertown, SD	2,688	$2,446,273	$910	$537,600

To: Regional Airport Authority

From: Janet E. Young, Airport Manager

Date: June 3, 2016

Re: Government Services Agency (GSA), agent for the Transportation Security Administration (TSA), Lease Renewal of Terminal Office Space

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Background

The Merced Regional Airport has negotiated a lease renewal with the Government Services Agency (GSA) for office space Transportation Security Administration (TSA) currently uses and occupies. The GSA form lease specifies a seven year term, with the first two years firm. The lease provides for rent adjustment after the first year of the agreement based on the annual percent of change in the cost of living index. The agreement can be terminated by the government upon 60-days written notice for specific reasons.

Lease effective date shall be May 29, 2016.

The lease renewal will provide TSA the same 120 square feet of private office space and access to the airport terminal. The lease renewal also will increase the revenue from monthly rent from $324.63 to $340.00 per month and the common area maintenance fee from $50.00 to $55.00 per month for janitorial service to non-exclusive use areas of the premises, and utilities (electricity and natural gas) to both exclusive and non-exclusive use areas of the premises. The renewed lease also will enable continued provision of a secure environment for the travelling public.

SUMMARY/RECOMMENDATION: Adopt a motion recommending approval by the City Council of the lease renewal.

Attachments:
GSA Lease Agreement
Attachment A - Diagram Depicting Leased Space
TSA 3518A Form

LEASE NO. GS-09P-LCA03357

On-Airport Lease
GSA FORM L201D (September 2013)

This Lease is made and entered into between

Lessor's Name: Merced, City of

(Lessor), whose principal place of business is 678 West 18th Street, Merced, CA 95340-4700 and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

20 MACREADY DRIVE
MERCED, CA 95341

and more fully described in Section 1

LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and the term beginning May 28, 2016

7 Years, 2 Years Firm,

subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

FOR THE LESSOR:

Name: Steve Carrigan

Title: City Manager

Entity Name: City of Merced, Merced Regional Airport

Date: February 25, 2016

FOR THE GOVERNMENT:

Title: Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: 4/18/16

WITNESSED FOR THE LESSOR BY:

Name:

Title:

Date:

APPROVED AS TO FORM:

3/17/16

KENNETH ROZELL
Senior Deputy City Attorney

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SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (JUN 2012)

The Premises are described as follows:

A. Office and Related Space: **120** rentable square feet (RSF), yielding **120** ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space, of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.

B. Common Area Factor: The Common Area Factor (CAF) is established as **1** percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (SEP 2013)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

A. Antennas, Satellite Dishes and Related Transmission Devices: (1) Space located on the roof of the Building sufficient in size for the installation and placement of telecommunications equipment, (2) the right to access the roof of the Building, and (3) use of all Building areas (e.g., chases, plenums, etc.) necessary for the use, operation, and maintenance of such telecommunications equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (ON-AIRPORT) (SEP 2013)

A. The Government shall pay the Lessor annual rent payable monthly in arrears at the following rates:

	Years 1 - 7	
	Annual Rent	Annual Rate / RSF
Shell Rental Rate	$ 4,080.00	$34.00
Operating Costs	$ 660.00	$ 5.50
Full Service Rate	**$ 4,740.00**	**$39.50**

B. Rent is subject to adjustment based upon a mutual measurement of the Space upon acceptance, not to exceed **120** ABOA SF. based upon the methodology outlined under the "Payment" clause of GSA Form 3517.

C. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.

D. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated in the Lessor's Central Contractor Registration (CCR), now the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM. This registration service is free of charge.

E. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:

1. The leasehold interest in the Property described in the paragraph entitled "The Premises,"

2. Performance or satisfaction of all other obligations set forth in this Lease; and,

3. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

1.04 TERMINATION RIGHTS (ON-AIRPORT) (SEP 2013)

A. The Government may terminate this Lease, in whole or in part, at any time during the term of this lease with **60** days' prior written notice to the Lessor if (i) regularly scheduled commercial air services cease, (ii) the airport opts to replace TSA screeners with private contractors, (iii) the checkpoint supported by the leased Space is closed, or (iv) the Government reduces its presence at the airport due to a reduction in enplanements. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

B. The Government may terminate this Lease, in whole or in part, at any time effective after the Firm Term of this Lease, by providing not less than **60** days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

1.05 INTENTIONALLY DELETED

1.06 DOCUMENTS INCORPORATED IN THE LEASE (ON-AIRPORT) (SEP 2013)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	EXHIBIT
Floor Plan(s)	A
GSA Form 3517B, General Clauses	
GSA Form 3518, Representations and Certifications	

1.07 OPERATING COST BASE (SEP 2013)

The parties agree, for the purpose of applying the paragraph titled "Operating Costs Adjustment," that the Lessor's base rate for operating costs shall be **$5.50** per RSF (**$660.00**/annum).

SECTION 2 GENERAL TERMS, CONDITIONS, AND STANDARDS

2.01 DEFINITIONS AND GENERAL TERMS (SEP 2013)

Unless otherwise specifically noted, all terms and conditions set forth in this Lease shall be interpreted by reference to the following definitions, standards, and formulas:

A. Appurtenant Areas. Appurtenant Areas are defined as those areas and facilities on the Property that are not located within the Premises, but for which rights are expressly granted under this Lease, or for which rights to use are reasonably necessary or reasonably anticipated with respect to the Government's enjoyment of the Premises and express appurtenant rights.

B. Broker. If GSA awarded this Lease using a contract real estate broker, Broker shall refer to GSA's broker.

C. Building. The building(s) situated on the Property in which the Premises are located shall be referred to as the Building(s).

D. Commission Credit. If GSA awarded this Lease using a Broker, and the Broker agreed to forego a percentage of its commission to which it is entitled in connection with the award of this Lease, the amount of this credit is referred to as the Commission Credit.

E. Common Area Factor (CAF). The Common Area Factor (CAF) is a conversion factor determined by the Building owner and applied by the owner to the ABOA SF to determine the RSF for the leased Space. The CAF is expressed as a percentage of the difference between the amount of rentable SF and ABOA SF, divided by the ABOA SF. For example 11,500 RSF and 10,000 ABOA SF will have a CAF of 15% [(11,500 RSF-10,000 ABOA SF)/10,000 ABOA SF]. For the purposes of this Lease, the CAF shall be determined in accordance with the applicable ANSI/BOMA standard for the type of space to which the CAF shall apply.

F. Contract. Contract and contractor means Lease and Lessor, respectively.

G. Days. All references to "day" or "days" in this Lease shall mean calendar days, unless specified otherwise.

H. FAR/GSAR. All references to the FAR shall be understood to mean the Federal Acquisition Regulation, codified at 48 CFR Chapter 1. All references to the GSAR shall be understood to mean the GSA supplement to the FAR, codified at 48 CFR Chapter 5.

I. Firm Term/Non-Firm Term. The Firm Term is that part of the Lease term that is not subject to termination rights. The Non-Firm Term is that part of the Lease term following the end of the Firm Term.

J. Lease Term Commencement Date. The Lease Term Commencement Date means the date on which the Lease term commences.

K. Lease Award Date. The Lease Award Date means the date of execution of the Lease by the LCO and the mailing or otherwise furnishing written notification of the executed Lease to the successful Offeror (and on which the parties' obligations under the Lease begin).

L. Premises. The Premises are defined as the total Office Area or other type of Space, together with all associated common areas, described in Section 1 of this Lease, and delineated by plan in the attached exhibit. Parking and other areas to which the Government has rights under this Lease are not included in the Premises.

M. Property. The Property is defined as the land and Buildings in which the Premises are located, including all Appurtenant Areas (e.g., parking areas) to which the Government is granted rights.

N. Rentable Space or Rentable Square Feet (RSF). Rentable Space is the area for which a tenant is charged rent. It is determined by the Building owner and may vary by city or by building within the same city. The Rentable Space may include a share of Building support/common areas such as elevator lobbies, Building corridors, and floor service areas. Floor service areas typically include restrooms, janitor rooms, telephone closets, electrical closets, and mechanical rooms. The Rentable Space does not include vertical building penetrations and their enclosing walls, such as stairs, elevator shafts, and vertical ducts. Rentable Square Feet is calculated using the following formula for each type of Space (e.g., office, warehouse, etc.) included in the Premises: ABOA SF of Space x (1 + CAF) = RSF.

O. Space. The Space shall refer to that part of the Premises to which the Government has exclusive use, such as Office Area, or other type of Space. Parking areas to which the Government has rights under this Lease are not included in the Space.

P. Office Area. For the purposes of this Lease, Space shall be measured in accordance with the standard (Z65.1-1996) provided by American National Standards Institute/Building Owners and Managers Association (ANSI/BOMA) for Office Area, which means "the area where a tenant normally houses personnel and/or furniture, for which a measurement is to be computed." References to ABOA mean ANSI/BOMA Office Area.

Q. Working Days. Working Days shall mean weekdays, excluding Saturdays and Sundays and Federal holidays.

2.02 AUTHORIZED REPRESENTATIVES (JUN 2012)

The signatories to this Lease shall have full authority to bind their respective principals with regard to all matters relating to this Lease. No other persons shall be understood to have any authority to bind their respective principals, except to the extent that such authority may be explicitly

delegated by notice to the other party, or to the extent that such authority is transferred by succession of interest. The Government shall have the right to substitute its Lease Contracting Officer (LCO) by notice, without an express delegation by the prior LCO.

2.03 WAIVER OF RESTORATION (APR 2011)

The Lessor shall have no right to require the Government to restore the Premises upon termination of the Lease, and waives all claims against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the Premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the Premises regardless of whether such alterations are performed by the Lessor or by the Government. At its sole option, the Government may abandon property in the Space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

2.04 OPERATING COSTS ADJUSTMENT (JUN 2012)

A. Beginning with the second year of the Lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy.

B. The amount of adjustment will be determined by multiplying the base rate by the annual percent of change in the Cost of Living Index. The percent change will be computed by comparing the index figure published for the month prior to the Lease Term Commencement Date with the index figure published for the month prior which begins each successive 12-month period. For example, a Lease which commences in June of 2005 would use the index published for May of 2005, and that figure would be compared with the index published for May of 2006, May of 2007, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. city average, all items, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the Lease; however, payment of the adjusted rental rate will become due on the first workday of the second month following the publication of the Cost of Living Index for the month prior to the commencement of each 12-month period.

C. In the event of any decreases in the Cost of Living Index occurring during the term of the occupancy under the Lease, the rental amount will be reduced accordingly. The amount of such reductions will be determined in the same manner as increases in rent provided under this paragraph.

D. If the Government exercises an option to extend the Lease term at the same rate as that of the original term, the option price will be based on the adjustment during the original term. Annual adjustments will continue.

2.05 RELOCATION RIGHTS (JUN 2012)

If it becomes necessary in the orderly development of the Airport, Lessor may require the relocation of Premises to other space at the Airport which, in the reasonable judgment of Lessor, is similar and suitable for the purposes for which this Lease is entered as such purposes are set forth herein. Should such relocation be necessary, the Lessor shall provide the Government a minimum of 120 days prior written notice. Lessor shall be responsible for all costs for such relocation, including all costs for moving furniture, office equipment, telephone and data lines, and any other costs associated with replicating necessary operational features provided in the space originally leased. The Airport shall provide such relocated Premises at the same rental rate as the original Premises, unless the new Premises are located in an area for which the Airport charges tenants a lower rate, in which event the parties shall negotiate a reduction in the rental rate.

2.06 RECITALS FOR TRANSPORTATION SECURITY ADMINISTRATION (ON-AIRPORT) (JUN 2012)

A. The Transportation Security Administration (TSA) is required, pursuant to 49 U.S.C. 40101—The Aviation and Transportation Security Act (ATSA), to oversee security measures at the **MERCED REGIONAL AIRPORT.**

B. TSA is responsible for airline passenger and baggage screening services at the Airport.

C. The U.S. General Services Administration (GSA), on behalf of TSA, leases certain facilities on the Airport premises for administrative offices and/or break rooms in support of airport passenger and baggage screening services by the TSA.

D. Space for TSA to screen passengers and baggage is expressly excluded from this Lease.

2.07 ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY (ON-AIRPORT) (SEP 2013)

A. The Lessor shall provide floor plans for the Space and a valid Certificate of Occupancy (C of O), issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction does not issue C of O's or if the C of O is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that verifies that the Space complies with all applicable local fire protection and life safety codes and ordinances.

B. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

2.08 ALTERATIONS PRIOR TO ACCEPTANCE (JUN 2012)
The Government's rights stated under the General Clause "Alterations" also apply to initial build-out of the Premises.

2.09 CENTRAL CONTRACTOR REGISTRATION (SEP 2013)

The Offeror must have an active registration in the Central Contractor Registration (CCR) database, now the System for Award Management (SAM), via the Internet at https://www.acquisition.gov, prior to the Lease award and throughout the life of the Lease. To remain active, the Offeror/Lessor is required to update or renew its registration annually. The Government will not process rent payments to Lessors without an active registration in SAM. No change of ownership of the leased Premises will be recognized by the Government until the new owner registers in SAM.

2.10 SECURITY UPGRADES DUE TO IMMEDIATE THREAT (APR 2011)

The Government reserves the right, at its own expense and with its own personnel, to heighten security in the Building under Lease during heightened security conditions due to emergencies such as terrorist attacks, natural disaster, and civil unrest.

SECTION 3 CONSTRUCTION STANDARDS AND SHELL COMPONENTS

3.01 BUILDING SHELL REQUIREMENTS (ON-AIRPORT) (SEP 2013)

A. The Building Shell shall be designed, constructed, and maintained in accordance with the standards set forth herein and completed prior to acceptance of Space. For pricing, fulfillment of all requirements not specifically designated as operating costs or other rent components as indicated shall be deemed included in the Shell Rent.

B. Base structure and Building enclosure components shall be complete. All common areas accessible by the Government, such as lobbies, fire egress corridors and stairwells, elevators, garages, and service areas, shall be complete. Restrooms shall be complete and operational. All newly installed Building shell components, including but not limited to, heating, ventilation, and air conditioning (HVAC), electrical, ceilings, sprinklers, etc., shall be furnished, installed, and coordinated with TIs. Circulation corridors are provided as part of the base Building only on multi-tenanted floors where the corridor is common to more than one tenant. On single tenant floors, only the fire egress corridor(s) necessary to meet code is provided as part of the shell.

3.02 MEANS OF EGRESS (SEP 2013)

A. The Premises and any parking garage areas shall meet the applicable egress requirements in the National Fire Protection Association, Life Safety Code (NFPA 101) or the International Code Council, International Building Code (IBC), (both current as of the Lease Award Date).

B. The Space shall have unrestrictive access to a minimum of two remote exits on each floor of Government occupancy.

C. Interlocking or scissor stairs located on the floor(s) where Space is located shall only count as one exit stair.

D. A fire escape located on the floor(s) where Space is located shall not be counted as an approved exit stair.

E. Doors shall not be locked in the direction of egress unless equipped with special locking hardware in accordance with requirements of NFPA 101 or the IBC.

3.03 AUTOMATIC FIRE SPRINKLER SYSTEM (SEP 2013)

A. Any portion of the Space located below-grade, including parking garage areas, and all areas in a Building referred to as "hazardous areas" (defined in National Fire Protection Association (NFPA) 101) that are located within the entire Building (including non-Government areas) shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

B. For Buildings in which any portion of the Space is on or above the sixth floor, then, at a minimum, the Building up to and including the highest floor of Government occupancy shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

C. For Buildings in which any portion of the Space is on or above the sixth floor, and lease of the Space will result, either individually or in combination with other Government Leases in the Building, in the Government leasing 35,000 or more ANSI/BOMA Office Area SF of Space in the Building, then the entire Building shall be protected throughout by an automatic fire sprinkler system or an equivalent level of safety.

D. Automatic fire sprinkler system(s) shall be installed in accordance with the requirements of NFPA 13, Standard for the Installation of Sprinkler Systems that was in effect on the actual date of installation.

E. Automatic fire sprinkler system(s) shall be maintained in accordance with the requirements of NFPA 25, Standard for the Inspection, Testing, and Maintenance of Water-based Fire Protection Systems (current as of the Lease Award Date).

F. "Equivalent level of safety" means an alternative design or system (which may include automatic fire sprinkler systems), based upon fire protection engineering analysis, which achieves a level of safety equal to or greater than that provided by automatic fire sprinkler systems.

3.04 FIRE ALARM SYSTEM (SEP 2013)

A. A Building-wide fire alarm system shall be installed in the entire Building in which any portion of the Space is located on the 3rd floor or higher.

B. The fire alarm system shall be installed in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code that was in effect on the actual date of installation.

C. The fire alarm system shall be maintained in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code (current as of the Lease Award Date).

D. The fire alarm system shall transmit all fire alarm signals to the local fire department via any of the following means: directly to the local fire department, to the (911) public communications center, to a central station, to a remote supervising station, or to a proprietary supervising station.

E. If the Building's fire alarm control unit is over 25 years old as of the Lease Award Date, Lessor shall install a new fire alarm system in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code (current as of the Lease Award Date), prior to Government acceptance and occupancy of the Space.

3.05 ENERGY INDEPENDENCE AND SECURITY ACT (DEC 2011)

A. The Energy Independence and Security Act (EISA) establishes the following requirements for Government Leases in Buildings that have not earned the ENERGY STAR® Label conferred by the Environmental Protection Agency (EPA) within one year prior to the due date for final proposal revisions ("most recent year").

B. If this Lease was awarded under any of EISA's Section 435 statutory exceptions, the Lessor shall either:

1. Earn the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease); or

2. Complete energy efficiency and conservation improvements if any, agreed to by Lessor in lieu of earning the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease).

C. If this Lease was awarded to a Building to be built or to a Building predominantly vacant as of the due date for final proposal revisions and was unable to earn the ENERGY STAR® label for the most recent year (as defined above) due to insufficient occupancy, but was able to demonstrate sufficient evidence of capability to earn the ENERGY STAR® label, then Lessor must earn the ENERGY STAR® label within 18 months after occupancy by the Government.

3.06 ACCESSIBILITY (FEB 2007)

The Building, leased Space, and areas serving the leased Space shall be accessible to persons with disabilities in accordance with the Architectural Barriers Act Accessibility Standard (ABAAS), Appendices C and D to 36 CFR Part 1191 (ABA Chapters 1 and 2, and Chapters 3 through 10). To the extent the standard referenced in the preceding sentence conflicts with local accessibility requirements, the more stringent shall apply.

3.07 MECHANICAL, ELECTRICAL, PLUMBING: GENERAL (APR 2011)

The Lessor shall provide and operate all Building equipment and systems in accordance with applicable technical publications, manuals, and standard procedures. Mains, lines, and meters for utilities shall be provided by the Lessor. Exposed ducts, piping, and conduits are not permitted in office Space.

3.08 RESTROOMS (ON-AIRPORT) (JUN 2012)

Government employees shall have access to all public restroom facilities for men and women in the Airport terminal at all times without additional payment.

3.09 HEATING, VENTILATION, AND AIR CONDITIONING (ON-AIRPORT) (APR 2011)

A. Temperatures shall conform to local commercial equivalent temperature levels and operating practices to maximize tenant satisfaction. These temperatures shall be maintained throughout the leased Premises and service areas, regardless of outside temperatures, during the hours of operation specified in this Lease. The Lessor shall perform any necessary systems start-up required to meet the commercially equivalent temperature levels prior to the first hour of each day's operation. At all times, humidity shall be maintained below 60 percent relative humidity.

B. The Lessor shall conduct HVAC system balancing after all HVAC system alterations during the term of the Lease and shall make a reasonable attempt to schedule major construction outside of office hours.

C. Normal HVAC systems maintenance shall not disrupt tenant operations.

3.10 TELECOMMUNICATIONS: LOCAL EXCHANGE ACCESS (ON-AIRPORT) (SEP 2013)

A. The Government may elect to contract its own telecommunications (voice, data, video, Internet, or other emerging technologies) service in the Space. The Government may contract with one or more parties to have inside wiring (or other transmission medium) and telecommunications equipment installed.

B. The Lessor shall allow the Government's designated telecommunications providers access to utilize existing Building wiring to connect its services to the Government's Space. If the existing Building wiring is insufficient to handle the transmission requirements of the Government's designated telecommunications providers, the Lessor shall provide access from the point of entry into the Building to the Government's floor Space, subject to any inherent limitations in the pathway involved.

C. The Lessor shall allow the Government's designated telecommunications providers to affix telecommunications antennas (high frequency, mobile, microwave, satellite, or other emerging technologies), subject to weight and wind load conditions, to roof, parapet, or Building envelope as required.

SECTION 4 UTILITIES, SERVICES, AND OBLIGATIONS DURING THE LEASE TERM

4.01 SERVICES, UTILITIES, AND MAINTENANCE (ON-AIRPORT) (XXX 2013)

The Lessor is responsible for providing all utilities necessary for base building and tenant operations and all associated costs are included as a part of the established rental rates. The following services, utilities, and maintenance shall be provided by the Lessor as part of the rental consideration (check all that apply):

- ☒ HEAT
- ☒ ELECTRICITY
- ☒ POWER (Special Equip.)
- ☒ WATER (Hot & Cold)
- ☐ SNOW REMOVAL
- ☒ TRASH REMOVAL
- ☒ CHILLED DRINKING WATER
- ☒ AIR CONDITIONING
- ☒ RESTROOM SUPPLIES
- ☒ JANITORIAL SERV. & SUPP.
- ☐ ELEVATOR SERVICE
- ☒ WINDOW WASHING
  Frequency 2x a year
- ☒ CARPET CLEANING
  Frequency 2x a year
- ☒ INITIAL & REPLACEMENT LAMPS, TUBES & BALLASTS
- ☐ PAINTING FREQUENCY
  Space _____
  Public Areas _____
- ☐ OTHER (Specify below)
  _____

The Lessor shall have an onsite building superintendent or a locally designated representative available to promptly respond to deficiencies, and immediately address all emergency situations.

4.02 PROVISION OF SERVICES, ACCESS, AND NORMAL HOURS FOR AIRPORT OCCUPANCIES (SEP 2013)

The Government shall have access to the Premises and its Appurtenant Areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, restrooms, lights, and electric power. Cleaning shall be performed after tenant working hours unless daytime cleaning is specified as a special requirement elsewhere in this Lease. Services, maintenance, and utilities shall be provided from 4 A.M. to 6 P.M. except Saturday, Sunday and Federal Holidays.

4.03 MAINTENANCE AND TESTING OF SYSTEMS (SEP 2013)

A. The Lessor is responsible for the total maintenance and repair of the leased Premises. Such maintenance and repairs include the site and private access roads. All equipment and systems shall be maintained to provide reliable, energy efficient service without unusual interruption, disturbing noises, exposure to fire or safety hazards, uncomfortable drafts, excessive air velocities, or unusual emissions of dirt. The Lessor's maintenance responsibility includes initial supply and replacement of all supplies, materials, and equipment necessary for such maintenance. Maintenance, testing, and inspection of appropriate equipment and systems shall be done in accordance with current applicable codes, and inspection certificates shall be displayed as appropriate. Copies of all records in this regard shall be forwarded to the Government's designated representative.

B. At the Lessor's expense, the Government reserves the right to require documentation of proper operations, inspection, testing, and maintenance of fire protection systems, such as, but not limited to, fire alarm, fire sprinkler, standpipes, fire pump, emergency lighting, illuminated exit signs, emergency generator, prior to occupancy to ensure proper operation. These tests shall be witnessed by the Government's designated representative.

4.04 RECYCLING (ON-AIRPORT) (JUN 2012)

Where state or local law, code, or ordinance requires recycling programs (including mercury-containing lamps) for the Space to be provided pursuant to this Lease, the Lessor shall comply with such state and local law, code, or ordinance in accordance with GSA Form 3517, General Clauses, 552.270-8, *Compliance with Applicable Law*. During the lease term, the Lessor agrees, upon request, to provide the Government with additional information concerning recycling programs maintained in the Building and in the Leased Space.

4.05 RANDOLPH-SHEPPARD COMPLIANCE (SEP 2013)

During the term of the Lease, the Lessor may not establish vending facilities within the leased Space that will compete with any Randolph-Sheppard vending facilities.

4.06 INTENTIONALLY DELETED

4.07 INDOOR AIR QUALITY (SEP 2013)

A. The Lessor shall control contaminants at the source and/or operate the Space in such a manner that the GSA indicator levels for carbon monoxide (CO), carbon dioxide (CO_2), and formaldehyde (HCHO) are not exceeded. The indicator levels for office areas shall be: CO 9 ppm time weighted average (TWA 8 hour sample); CO_2 1,000 ppm (TWA); HCHO 0.1 ppm (TWA).

B. The Lessor shall make a reasonable attempt to apply insecticides, paints, glues, adhesives, and HVAC system cleaning compounds with highly volatile or irritating organic compounds, outside of working hours. Except in an emergency, the Lessor shall provide at least 72 hours advance notice to the Government before applying noxious chemicals in occupied spaces and shall adequately ventilate those spaces during and after application.

C. The Lessor shall promptly investigate indoor air quality (IAQ) complaints and shall implement the necessary controls to address the complaint.

D. The Government reserves the right to conduct independent IAQ assessments and detailed studies in Space that it occupies, as well as in space serving the Space (e.g., common use areas, mechanical rooms, HVAC systems, etc.). The Lessor shall assist the Government in its assessments and detailed studies by:

1. Making available information on Building operations and Lessor activities;
2. Providing access to Space for assessment and testing, if required; and
3. Implementing corrective measures required by the LCO.

E. The Lessor shall provide to the Government material safety data sheets (MSDS) upon request for the following products prior to their use during the term of the Lease: adhesives, caulking, sealants, insulating materials, fireproofing or firestopping materials, paints, carpets, floor and wall patching or leveling materials, lubricants, clear finish for wood surfaces, janitorial cleaning products, pesticides, rodenticides, and herbicides. The Government reserves the right to review such products used by the Lessor within:

1. The Space;
2. Common Building areas;
3. Ventilation systems and zones serving the Space; and
4. The area above suspended ceilings and engineering space in the same ventilation zone as the Space.

F. Where hazardous gasses or chemicals (any products with data in the Health and Safety section of the MSDS sheets) may be present or used, including large-scale copying and printing rooms, segregate areas with deck-to-deck partitions with separate outside exhausting at a rate of at least 0.5 cubic feet per minute per SF, no air recirculation. The mechanical system must operate at a negative pressure compared with the surrounding spaces of at least an average of 5 Pa (pascal) (0.02 inches of water gauge) and with a minimum of 1 Pa (0.004 inches of water gauge) when the doors to the rooms are closed.

4.08 HAZARDOUS MATERIALS (ON-AIRPORT) (SEP 2013)

The leased Space shall be free of hazardous materials, hazardous substances, and hazardous wastes, as defined by and according to applicable Federal, state, and local environmental regulations including, but not limited to, the following:

A. The leased Space shall be free of all asbestos containing materials, except undamaged asbestos flooring in the Space or undamaged boiler or pipe insulation outside the Space, in which case an asbestos management program conforming to EPA guidance shall be implemented.

B. The Lessor shall provide Space to the Government that is free from actionable mold and free from any conditions that reasonably can be anticipated to permit the growth of actionable mold or are indicative of the possibility that actionable mold will be present (indicators).

1. Actionable mold is mold of types and concentrations in excess of that found in the local outdoor air.

2. The Lessor shall be responsible for conducting the remediation in accordance with the relevant provisions of the document entitled "Mold Remediation in Schools and Commercial Buildings" (EPA 402-K-01-001, March 2001), published by EPA, as same may be amended or revised from time to time, and any other applicable Federal, state, or local laws, regulatory standards, and guidelines.

3. The Lessor acknowledges and agrees that the Government shall have a reasonable opportunity to inspect the leased Space after conclusion of the remediation. If the results of the Government's inspection indicate that the remediation does not comply with the plan or any other applicable Federal, state, or local laws, regulatory standards, or guidelines, the Lessor, at its sole cost, expense, and risk, shall immediately take all further actions necessary to bring the remediation into compliance.

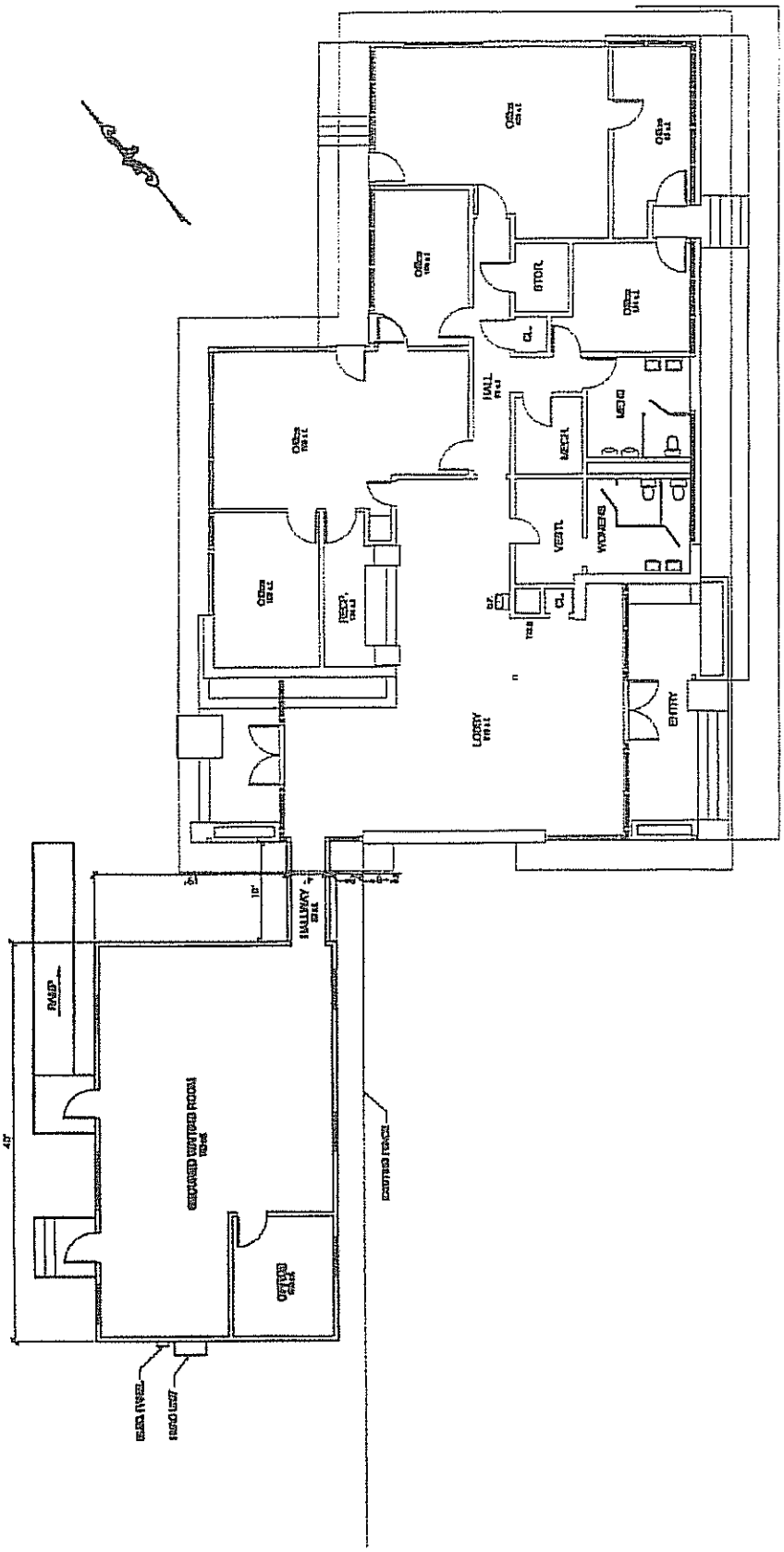
4. If the Lessor fails to exercise due diligence, or is otherwise unable to remediate the actionable mold, the Government may implement a corrective action program and deduct its costs from the rent.

4.09 OCCUPANT EMERGENCY PLANS (SEP 2013)

The Lessor is required to cooperate, participate and comply with the development and implementation of the Government's Occupant Emergency Plan (OEP) and if necessary, a supplemental Shelter-in Place (SIP) Plan. Periodically, the Government may request that the Lessor assist in reviewing and revising its OEP and SIP. The Plan, among other things, must include an annual emergency evacuation drill, emergency notification procedures for the Lessor's Building engineer or manager, Building security, local emergency personnel, and Government agency personnel.

SECTION 5 ADDITIONAL TERMS AND CONDITIONS

Attachment A



TERMINAL/SECURED WAITING BUILDING FLOOR PLAN

SCALE 1/8" = 1'-0"

REPRESENTATIONS AND CERTIFICATIONS (Short Form) (For Leases At or Below the Simplified Lease Acquisition Threshold)	Solicitation Number	Dated

Complete appropriate boxes, sign the form, and attach to offer.

The Offeror makes the following Representations and Certifications. NOTE: The "Offeror," as used on this form, is the owner of the property offered, not an individual or agent representing the owner.

1. 52.219-1 - SMALL BUSINESS PROGRAM REPRESENTATIONS (APR 2011)

(a) (1) The North American Industry Classification System (NAICS) code for this acquisition is 531190.

(2) The small business size standard is $20.5 Million in annual average gross revenue of the concern for the last 3 fiscal years.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(b) Representations.

(1) The offeror represents as part of its offer that it [ ] is, [X] is not a small business concern.

(2) [*Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.*] The offeror represents, for general statistical purposes, that it [ ] is, [ ] is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.

(3) [*Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.*] The offeror represents as part of its offer that it [ ] is, [ ] is not a women-owned small business concern.

(4) Women-owned small business (WOSB) concern eligible under the WOSB Program. [*Complete only if the offeror represented itself as a women-owned small business concern in paragraph (b)(3) of this provision.*] The offeror represents as part of its offer that—

(i) It [ ] is, [ ] is not a WOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and

(ii) It [ ] is, [ ] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (b)(4)(i) of this provision is accurate in reference to the WOSB concern or concerns that are participating in the joint venture. [*The offeror shall enter the name or names of the WOSB concern or concerns that are participating in the joint venture:*

_____]

Each WOSB concern participating in the joint venture shall submit a separate signed copy of the WOSB representation.

(5) Economically disadvantaged women-owned small business (EDWOSB) concern. [*Complete only if the offeror represented itself as a women-owned small business*

concern eligible under the WOSB Program in (b)(4) of this provision.] The offeror represents as part of its offer that—

(i) It [ ] is, [ ] is not an EDWOSB concern eligible under the WOSB Program, has provided all the required documents to the WOSB Repository, and no change in circumstances or adverse decisions have been issued that affects its eligibility; and

(ii) It [ ] is, [ ] is not a joint venture that complies with the requirements of 13 CFR part 127, and the representation in paragraph (b)(5)(i) of this provision is accurate in reference to the EDWOSB concern or concerns that are participating in the joint venture. [*The offeror shall enter the name or names of the EDWOSB concern or concerns that are participating in the joint venture:* _____]

Each EDWOSB concern participating in the joint venture shall submit a separate signed copy of the EDWOSB representation.

(6) [*Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.*] The offeror represents as part of its offer that it [ ] is, [ ] is not a veteran-owned small business concern.

(7) [*Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (b)(6) of this provision.*] The offeror represents as part of its offer that it [ ] is, [ ] is not a service-disabled veteran-owned small business concern.

(8) [*Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.*] The offeror represents, as part of its offer, that—

(i) It [ ] is, [ ] is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material changes in ownership and control, principal office, or HUBZone employee percentage have occurred since it was certified in accordance with 13 CFR Part 126; and

(ii) It [ ] is, [ ] is not a HUBZone joint venture that complies with the requirements of 13 CFR Part 126, and the representation in paragraph (b)(8)(i) of this provision is accurate for each HUBZone small business concern participating in the HUBZone joint venture. [*The offeror shall enter the names of each of the HUBZone small business concerns participating in the HUBZone joint venture:* _____]

] Each HUBZone small business concern participating in the HUBZone joint venture shall submit a separate signed copy of the HUBZone representation.

(c) *Definitions.* As used in this provision—

"Economically disadvantaged women-owned small business (EDWOSB) concern" means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States and who are economically disadvantaged in accordance with 13 CFR part 127. It automatically qualifies as a women-owned small business concern eligible under the WOSB Program.

"Service-disabled veteran-owned small business concern"—

(1) Means a small business concern—

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51

percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) "Service-disabled veteran" means a veteran, as defined in 38 U.S.C.101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and the size standard in paragraph (a) of this provision.

"Veteran-owned small business concern" means a small business concern—

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned small business concern" means a small business concern—

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

"Women-owned small business (WOSB) concern eligible under the WOSB Program" (in accordance with 13 CFR part 127), means a small business concern that is at least 51 percent directly and unconditionally owned by, and the management and daily business operations of which are controlled by, one or more women who are citizens of the United States.

(d) Notice.

(1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.

(2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a business concern that is small, HUBZone small, small disadvantaged, service-disabled veteran-owned small, economically disadvantaged women-owned small, or women-owned small eligible under the WOSB Program in order to obtain a contract to be awarded under the preference programs established pursuant to section 8, 9, 15, 31, and 36 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall—

(i) Be punished by imposition of fine, imprisonment, or both;
(ii) Be subject to administrative remedies, including suspension and debarment; and

(iii) Be ineligible for participation in programs conducted under the authority of the Act.

2. **52.222-22 - PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)**

(Applicable when the estimated value of the acquisition exceeds $10,000)

The Offeror represents that—

(a) It [ ] has, [ ] has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation;

(b) It [ ] has, [ ] has not filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards. (Approved by OMB under Control Number 1215-0072.)

3. **52.222-25 - AFFIRMATIVE ACTION COMPLIANCE (APR 1984)**

(Applicable when the estimated value of the acquisition exceeds $10,000)

The Offeror represents that—

(a) It [ ] has developed and has on file, [ ] has not developed and does not have on file, at each establishment affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or

(b) It [ ] has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor. (Approved by OMB under Control Number 1215-0072.)

4. **552.203-72 REPRESENTATION BY CORPORATIONS REGARDING AN UNPAID DELINQUENT FEDERAL TAX LIABILITY OR A FELONY CONVICTION UNDER ANY FEDERAL LAW (DEVIATION) (APR 2012)**

(a) In accordance with Sections 630 and 631 of Division of the Consolidated Appropriations Act, 2012 (Pub. L. 112-74), none of the funds made available by that Act may be used to enter into a contract action with any corporation that---

(1) Has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, where the awarding agency is aware of the unpaid tax liability, unless the agency has considered suspension or debarment of the corporation and made a determination that this further action is not necessary to protect the interests of the Government, or

(2) Was convicted, or had an officer or agent of such corporation acting on behalf of the corporation convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the awarding agency is aware of the conviction, unless the agency has considered suspension or debarment of the corporation or such officer or agent and made a determination that this action is not necessary to protect the interests of the Government.

(b) The Contractor represents that—

(1) It is [ ] is not [ ] a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or

have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability.

(2) It is [ ] is not [ ] a corporation that was convicted, or had an officer or agent of the corporation acting on behalf of the corporation, convicted of a felony criminal violation under any Federal law within the preceding 24 months.

5. 52.203-11 – CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (SEP 2007)

(Applicable when the estimated value of the acquisition exceeds $100,000)

(a) *Definitions.* As used in this provision—"Lobbying contact" has the meaning provided at 2 U.S.C. 1602(8). The terms "agency," "influencing or attempting to influence," "officer or employee of an agency," "person," "reasonable compensation," and "regularly employed" are defined in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12).

(b) *Prohibition.* The prohibition and exceptions contained in the FAR clause of this solicitation entitled "Limitation on Payments to Influence Certain Federal Transactions" (52.203-12) are hereby incorporated by reference in this provision.

(c) *Certification.* The offeror, by signing its offer, hereby certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with the awarding of this contract.

(d) *Disclosure.* If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(e) *Penalty.* Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by 31 U.S.C. 1352 .Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure required to be filed or amended by this provision, shall be subject to a civil penalty of not less than $10,000, and not more than $100,000, for each such failure.

6. 52.204-3 - TAXPAYER IDENTIFICATION (OCT 1998)

(a) *Definitions.*

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the Offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the Offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All Offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the Offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the Offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the

resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the Offeror's TIN.

(d) *Taxpayer Identification Number (TIN).*

[X] TIN: 94-6000371
[ ] TIN has been applied for.
[ ] TIN is not required because: _____
[ ] Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;
[ ] Offeror is an agency or instrumentality of a foreign government;
[ ] Offeror is an agency or instrumentality of the Federal government;

(e) *Type of organization.*

[ ] Sole proprietorship;
[ ] Partnership;
[ ] Corporate entity (not tax-exempt);
[ ] Corporate entity (tax-exempt);
[X] Government entity (Federal, State, or local);
[ ] Foreign government;
[ ] International organization per 26 CFR 1.6049-4;
[ ] Other _____

(f) *Common Parent.*

[X] Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.
[ ] Name and TIN of common parent:

Name _____

TIN _____

7. 52.204-6 – DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER (APR 2008)

(a) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" or "DUNS+4" followed by the DUNS number or "DUNS+4" that identifies the offeror's name and address exactly as stated in the offer. The DUNS number is a nine-digit number assigned by Dun and Bradstreet, Inc. The DUNS+4 is the DUNS number plus a 4-character suffix that may be assigned at the discretion of the offeror to establish additional CCR records for identifying alternative Electronic Funds Transfer (EFT) accounts (see Subpart 32.11) for the same concern.

(b) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one.

(1) An offeror may obtain a DUNS number—

(i) Via the Internet at http://fedgov.dnb.com/webform or if the offeror does not have internet access, it may call Dun and Bradstreet at 1-866-705-5711 if located within the United States; or

(ii) If located outside the United States, by contacting the local Dun and Bradstreet office. The offeror should indicate that it is an offeror for a U.S. Government contract when contacting the local Dun and Bradstreet office.

(2) The offeror should be prepared to provide the following information:
(i) Company legal business name.
(ii) Tradestyle, doing business, or other name by which your entity is commonly recognized.
(iii) Company physical street address, city, state and ZIP Code.
(iv) Company mailing address, city, state and ZIP Code (if separate from physical).

(v) Company telephone number.
(vi) Date the company was started.
(vii) Number of employees at your location.
(viii) Chief executive officer/key manager.
(ix) Line of business (industry).
(x) Company Headquarters name and address (reporting relationship within your entity).

8. DUNS NUMBER (JUN 2004)

Notwithstanding the above instructions, in addition to inserting the DUNS Number on the offer cover page, the Offeror shall also provide its DUNS Number as part of this submission:

DUNS Number 169211554

9. CENTRAL CONTRACTOR REGISTRATION (MAY 2012)

The Central Contractor Registration (CCR) System is a centrally located, searchable database which assists in the development, maintenance, and provision of sources for future procurements. The Offeror must be registered in the CCR prior to lease award. The Offeror shall register via the Internet at https://www.acquisition.gov. To remain active, the Offeror/Lessor is required to update or renew its registration annually.

[X] Registration Active and Copy Attached

[ ] Will Activate Registration and Submit Copy to the Government Prior to Award

OFFEROR OR AUTHORIZED REPRESENTATIVE	NAME, ADDRESS (INCLUDING ZIP CODE) NAME Steven S. Carrigan STREET 678 W. 18th Street CITY, STATE, ZIP Merced, CA 95340 TELEPHONE NUMBER (209) 385-6834 Signature Date

APPROVED AS TO FORM:

5/24/16

KENNETH ROZELL
Senior Deputy City Attorney

INITIALS: _____ & _____
LESSOR GOVERNMENT

To: Regional Airport Authority

From: Janet E. Young, Airport Manager

Date: June 3, 2016

Re: Possible Incompatible Land Use Activity

Discussion as desired by Authority members.

To: Regional Airport Authority

From: Janet E. Young, Airport Manager

Date: June 3, 2016

Re: Other Business from the Authority

Discussion as desired by Authority members.